



General Assembly

February Session, 2010

Governor's Bill No. 5019

LCO No. 398

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Referred to Committee on Appropriations

Introduced by:

REP. CAFERO, 142nd Dist.

SEN. MCKINNEY, 28th Dist.

AN ACT CONCERNING THE BUDGET RESERVE FUND.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 4-30a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (a) [After] The following amounts shall be transferred into a special
5 fund to be known as the Budget Reserve Fund: (1) Not less than five
6 business days after the issuance of the cumulative monthly financial
7 statement concerning the state's General Fund issued by the
8 Comptroller in the month of January or May pursuant to section 3-115,
9 an amount equal to fifty per cent of any surplus projected in such
10 statement for the current fiscal year, and (2) after the accounts for the
11 General Fund have been closed for each fiscal year and the
12 Comptroller has determined the amount of unappropriated surplus in
13 said fund, after any amounts required by provision of law to be
14 transferred for other purposes have been deducted, the amount of such
15 surplus. [shall be transferred by the State Treasurer to a special fund to
16 be known as the Budget Reserve Fund.] When the amount in [said

17 fund] the Budget Reserve Fund equals ten per cent of the net General
18 Fund appropriations for the fiscal year in progress, no further transfers
19 shall be made by the Treasurer to said fund and the amount of such
20 surplus in excess of that transferred to said fund shall be deemed to be
21 appropriated to the State Employees Retirement Fund, in addition to
22 the contributions required pursuant to section 5-156a, but not
23 exceeding five per cent of the unfunded past service liability of the
24 system as set forth in the most recent actuarial valuation certified by
25 the Retirement Commission. Such surplus in excess of the amounts
26 transferred to the Budget Reserve Fund and the state employees
27 retirement system shall be deemed to be appropriated for: [(1)] (A)
28 Redeeming prior to maturity any outstanding indebtedness of the state
29 selected by the Treasurer in the best interests of the state; [(2)] (B)
30 purchasing outstanding indebtedness of the state in the open market at
31 such prices and on such terms and conditions as the Treasurer shall
32 determine to be in the best interests of the state for the purpose of
33 extinguishing or defeasing such debt; [(3)] (C) providing for the
34 defeasance of any outstanding indebtedness of the state selected by the
35 Treasurer in the best interests of the state by irrevocably placing with
36 an escrow agent in trust an amount to be used solely for, and sufficient
37 to satisfy, scheduled payments of both interest and principal on such
38 indebtedness; or [(4)] (D) any combination of these methods. Pending
39 the use or application of such amount for the payment of interest and
40 principal, such amount may be invested in [(A)] (i) direct obligations of
41 the United States government, including state and local government
42 treasury securities that the United States Treasury issues specifically to
43 provide state and local governments with required cash flows at yields
44 that do not exceed Internal Revenue Service arbitrage limits, [(B)] (ii)
45 obligations guaranteed by the United States government, and [(C)] (iii)
46 securities backed by United States government obligations as collateral
47 and for which interest and principal payments on the collateral
48 generally flow immediately through to the security holder.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	4-30a(a)
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Statement of Purpose:

To implement the Governor's budget recommendations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]